

POWER SOURCING UPDATE
WORK SESSION OF THE BRIGHAM CITY COUNCIL
November 4, 2021
6:00 p.m.

PRESENT:	Tyler Vincent	Mayor
	DJ Bott	Councilmember
	Alden Farr	Councilmember
	Joe Olson	Councilmember
	Tom Peterson	Councilmember
	Robin Troxell	Councilmember

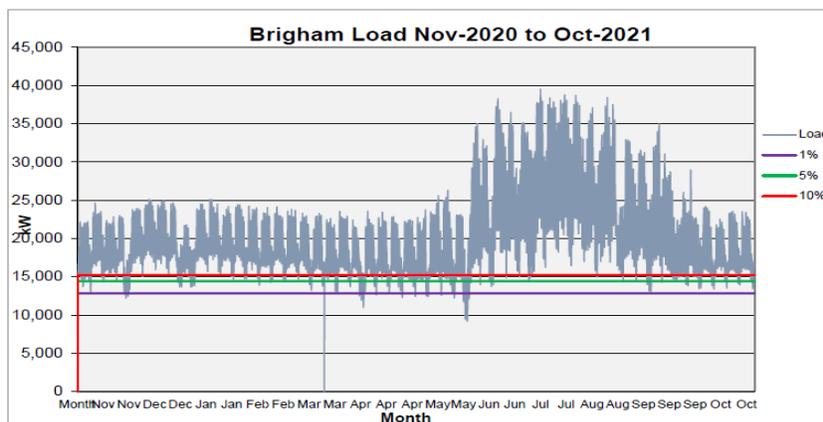
ALSO PRESENT:	Dave Burnett	Public Power Director
	Mike Christiansen	City Attorney
	Mike Nelsen	Police Chief
	Derek Oyler	Finance Director
	Kristina Rasmussen	Deputy City Recorder
	Jason Roberts	City Administrator

Mr. Roberts stated the purpose of the work session was to discuss an upcoming decision on power sourcing. He explained that the City continually locks in prices, however the market is hardening, and prices are going up.

Mr. Burnett came to the podium and explained the summer products for next year, and the around the clock not to exceed price is \$140/MWh. The City is coming off an initial purchase of long-term high load and low load and flat products which were approximately \$40-70/MWh. Mr. Burnett clarified low load hours are 11:00 pm to 5:00 or 6:00 am. Everything else is defined as high load hours. 2022 high load and low load index projections are as follows: June \$101.55/MWh and \$52.90/MWh; July \$242/MWh and \$85/MWh; August \$245/MWh and \$87/MWh; and September \$155/MWh and \$68/MWh.

The two steady power sources have been coal and nuclear. Natural gas prices have gone up because it is being exported and demand has increased.

Mr. Roberts displayed a Brigham City load graph and explained base load is how much power is needed 24 hours/7 days a week. Peak load is the highest amount of power used during the year. The graph shows 1% of the time the City uses less than 13,250 MW, 5% of the time the City uses less than 15 MW, and 10% of the time the City is at 15 MW, which is the baseload. The current subscription in the CFPP is approximately at baseload. About 25% of power is purchased on the open market. Too much purchased product creates a situation where power would have to be sold back to the market.



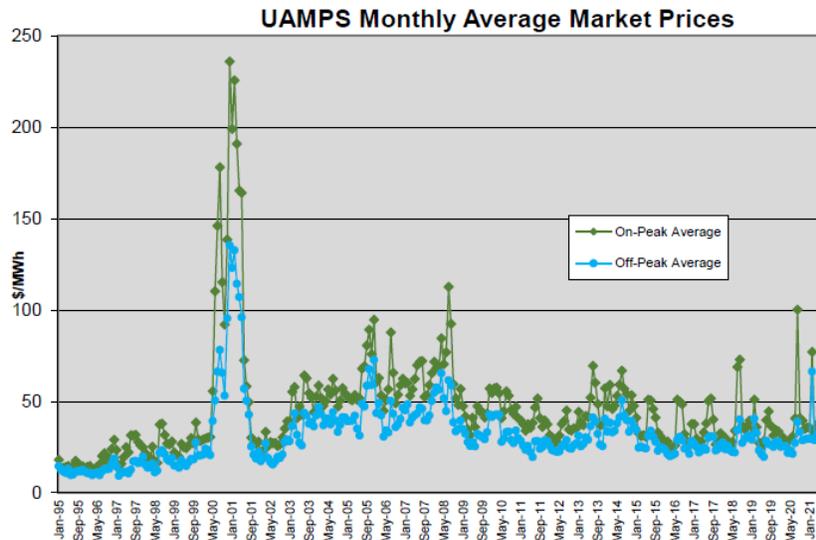
Mr. Roberts reviewed the City’s current portfolio and explained 71% of the portfolio is made up of market products.

- Colorado River Storage Project 19%

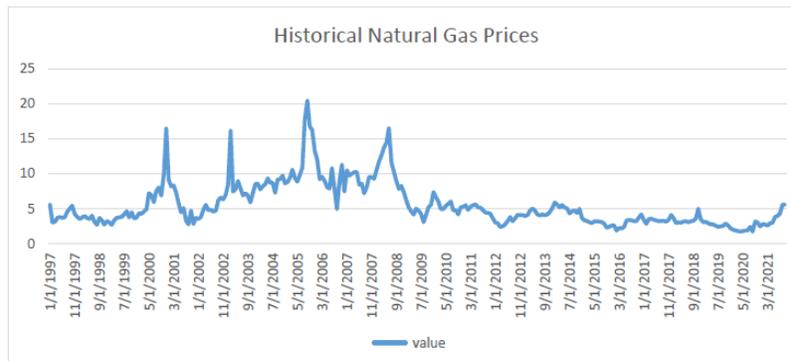
- Horsebutte Wind 7%
- Internal Generation 3%
- Forward contracts 40%
- Market exposure (last year) 31%

Non-market project options:

- Muddy Creek Waste Heat – 1,623 KW subscription – not dependent on natural gas price due to product is excess from natural gas pipeline
- Carbon Free Power Project (CFPP) – 15,250 KW subscription – Staff recommended not increasing the City’s subscription until the project subscription increases
- Project Enchant – Carbon Capture Sequestration – 500 KW to 1,500 KW – Brigham City has purchased 1.5 MW to make sure we are part of project for portfolio diversification
- Solar – not a consideration for baseload due to 24/7 demand; will look at solar in the future



Mr. Roberts pointed out that the City needs to be aware of the risk of prices moving drastically when making source decisions. Factors affecting market prices include government regulation, closing of coal fire power plants, changes to natural gas prices and availability of other baseload power.



Additional risks included increased costs of construction, and significant disasters. Mr. Roberts expressed his concern about the CFPP hitting construction estimates. He touched on redundancy in the City’s system and risks involved when planning for growth.

Mr. Burnett felt the CFPP costs per share at \$55-58 MWh could be the lowest cost of carbon free baseload generation ever. Over the next few months, a decision would need to be made about what the City's total subscription will be.

Councilmember Farr supported looking at the CFPP subscription in the future and looking at internal gas generation. There was some discussion on how much power new industrial customers and new residential developments require.

The meeting adjourned at 6:57 p.m.

The undersigned duly appointed Recorder for Brigham City Corporation hereby certifies that the foregoing is a true, accurate and complete record of the November 4, 2021 City Council Work Session.

Dated this 22nd day of November, 2021.

Christina Boss

Christina Boss, Recorder